

**ANNUAL USE OF CAPITAL SURVEY - 2009****NAME OF INSTITUTION**

(Include Holding Company Where Applicable)

PGB Holdings, Inc. & Pacific Global Bank

Person to be contacted regarding this report:	Sylvia Chung
CPP Funds Received:	\$3,000,000
CPP Funds Repaid to Date:	\$0
Date Funded (first funding):	2/6/2009
Date Repaid ¹ :	

RSSD: (For Bank Holding Companies)	3082342
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	34089
City:	Chicago
State:	Illinois

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

<input checked="" type="checkbox"/> Increase lending or reduce lending less than otherwise would have occurred.	With CPP funds in part, we were able to generate over \$22.5 million new loans in 2009.
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<input checked="" type="checkbox"/>	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	The majority of the new loans generated in 2009 were residential mortgage loans.
<input type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	
<input type="checkbox"/>	Make other investments	
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	Our delinquent loans increased radically since the 2nd quarter of 2009; as a result, our loan loss reserve increased \$3 million by 2009 year-end – an increase of 400% from 2008.

<input type="checkbox"/>	Reduce borrowings	
<input checked="" type="checkbox"/>	Increase charge-offs	We took significant charge-offs totaling \$2.6 million in 2009; mostly were commercial real estate loans. Due to these charge-offs and payoffs, our gross loans at the end of 2009 increased only \$2.2 million.
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input checked="" type="checkbox"/>	Held as non-leveraged increase to total capital	Upon receipt of the CPP funds in February 2009, the Holding Company immediately injected \$1 million into the Bank, thus increased the Bank's capital ratio from 9.34% in December 2008 to 9.77% in March 2009. The other \$2 million CPP funds were reserved for future capital injection.

What actions were you able to avoid because of the capital infusion of CPP funds?

In 2009, Pacific Global Bank was first time experiencing the significant increase in non-performance assets and charge-offs. In order to maintain a reasonable coverage ratio, the Bank had to substantially increase its loan loss reserve. With that, the Bank and the Holding Company would have to raise additional capital; however, during the market downturn it is difficult and perhaps impossible to accomplish. Because of the capital infusion of CPP funds in 2009, Pacific Global Bank was able to avoid the need to raise capital from other source.

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

The CPP funds have strengthened the Holding Company's financial position and provided sufficient cash flow to pay future dividends and trust preferred interests. In the event the Bank needs additional capital, the Holding Company will be ready to support with its capital reserve.

Due to the large amount of loan loss reserve in 2009, the Holding Company will consider injecting another \$1 million into the Bank during the first half of 2010 to maintain the Bank's capital adequacy.

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.

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